# 列 Virtual reality as an aid to design 

## - Belgian austerity plan prompts falls in interest rates

,

## South Africa poised to reach deal on constitution



| Bundesbank |
| :--- |
| attacks EU |
| over plans |
| for spending |




Passions
flare as
Nafta vote draws near







 Contued 0 Prepe is Transatlantic air war flares as UK retaliates against American efforts to undermine BA rights

## US flights to Heathrow threatened

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1989 Management Buy-Out LED AND ARRANGED BY


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anagement Buy-Out d and afranced bi Prudential Venture Managers

1993
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Christan Sulissen PLC
Concratulations
nch and Japkanese compunines upe are among six The 8300 m rail link betnenting contracts nor Heathrow airport. Pageteen west London and
railway children, Page 15 Mutricia profits fear: Shares in Nutrcia,
Dutch-based producer of baby food, fell sharply after the company sald a recall of in jars of baby

Teiragua bours to mer mian Micaragua bows to Her prossure: Nicarasua
mider pressure from the Intermational Monetary und, will raise tases or cut spendimg, paving lagyar Hitel Bank, Hungary's largest Magyer Hitel Bank, Hungarys largest cital
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- Sonate oppososes assault weaponss The Hunt for Addoed ondss The UN Security
Council voted unanimously to call of the humt Councir voted uoammed Farah Aideed, the Somaris
for General Mohammed
wation whone followers were biamed tor attacks UK hopes of rato cutt A marked fall in UK inflation last month, together with disappointtrg
grouth in shop sales, revived hopes hat UK inter. grouth in shop sales, revived ho
est rates will come down Page 8



## Paris urges banks to ease

 squeeze on small companiesBy Devid Euchen in Paris
CR Bder


## UN seeks to end attacks on aid convoys

| By Robert Mauthner <br> THE United Nations will today seeks firm guarantees from the nia that its humanitarian convoys will be given safe passage the lives of hundreds of thousands of people in desperate need of food and shelter. <br> Ms Sylvana Foa, spokes. woman of the UN High Com. missioner for Refugees, described tha meeting in Ceneva loday hetween the High Commissioner, Mrs |
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Sadako Ogata, and Bosnian
polltical and military leaders
as "a lasl-ditch effort" to
 talking about people in a very
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They neded ."ot only food.
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War. $m$ mites Ronald Van de
Krol in The \#ague. The in judges of the interna.
tonal tribumal were sworn in Honal tribunal were sworn in
at the International cout of
Justice for an inltial period of four years. raised about he fiready been
of the UNiveness
onsponsod tribual because in win not try suspects troops on the ground have no
porier to make arrests.

## Plan for European security conference soon




# Claes warns on 

 Oslo may reach membership compromise on control of energy talks over EU enlargement| By Andrew Hin <br> in Strasbourg <br> TALKS ON reforming the decision-mahing structure of he mixed up with enlargement nesotiations, the Belgian presidency of the Eu said yesterday. <br> "You can'l do the two lat made." It Willy Ches. Belglan forelga minister, told the European Parliament yeslerday. <br> The Uaion has set Itself a tough timetahle of finlshing didate countries - Austria, Finland. Sweden and Norsay - by the beginning of Narch 1994, in to join the EU hy the beginning of 1995 . <br> But the parliament is concerned thal the addition of new EU action, unless substantial reorms are made in sensitive hy ministers, lhe number of European commissioners, and the composition of the threecountry "troika" which carries out foreign policy missions on bebalf of the EU. <br> Smaller members of the EU cerns that reforms - particu. larly of the existing weighted |
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## Nrench MPs rule against Tapie







Paris plea over unpaid phone bills




Romanian optimism on IMF loan




华位, ady
Brussels begins social policy talks Andin



 Poland makes pledge on reforms:


 ammint hand


 Armenia to issue its own currency





## Telecoms groups to step up outsourcing


 s to name successor to the mob Robert Graham reports on a vote that will determine who will replace the disgraced former city bosses LEADERS of German's.
opposition Social Demecracs (SPD) yesterday stepped np
thair criticism of the monetary
 Germanan indsustiry. At the anmal conference of
the Sp, they, called for a
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Arthee of the need for tmas
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ve raised
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He said that the effectiv revaination of the D-Mark
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 a country where the actiosis in reigarided as beyo was immediately packed by M
Rndolif Scharping; the SPD
party ${ }^{2}$ party leaaer. especiany in the Europea context,', he sede "WFien the
 interest rates, 1 misst say tha
was not clever. That was a poin oationa tion only to our own doutestic denied that the party was call ing for a devaluation or th
DMark, in ar restution seek
ing "lower interest rates and ing "lower interest rate
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valne of the D-Mark eo warned th
would bave take drastic action contro pun elections next October, b seekiog to shift spending fro
 the party intens to treep the
growth in ponble spending
below the nominal jiowth of the grose domestiti prodnct, in a toogeterm str
natlonal
debt.

BIUSSE1S approves BLQStaht Satedolat Bydiow the stashourg, yesterday set the scene for todey's crutial ministerial




 Lombard
League MP quits
 feature people who think constructivaly, Paople who value a truly European perspective on business polltics, socioty, colture and all that matters. The Europpean' is your weakly conffirmation that io place

one of tha' best economic
growth rates and one of the
lowest inflation rates throughand



 ais per ent inroues in ime is calculated as a 1 i per cent of of
the whole incomes, without any Mr Peter cassells, the gen-
 levy "struck sat the heart of the
PESP. acting a a clawback of
pay deals that had already pesp. accing as a claw alkedy
pay deals that had alreaty
been settled and so our mem-
best have onst confidence in bers bave lost condar
the process
The r145m (f1238m) per year to the satchequat, teven if the levy were
sa removed. in time. it to ba removed. in time, hy
would have to be balance by
ax increases elsewhere. Mir cax increases elsewhere. Mr
Ahern said earlier this week Aherr said earlier this week
that the goverment in anx-
ious to enter Into a new agiee nent bint not at any price". Public sector pay phas risen infation has risen
around 15 per cent.

## Talks on Irish

 wage pact falterBy Tim coone in Dublin RELLAND faces the prospect of dey bet ween the covernmen day between ish gonress of
aod the lrish Conge
Trade Unions (YCTM over a argeemeot $\begin{aligned} & \text { ITru yesterday notified its } \\ & \text { affiliated unions to prepare for }\end{aligned}$ affiliated unions to prepare for
a revurn to free onective bar-
galniog, baving failed in its galtempts. to persuade the gov errmen per cent incoma levy ov
tre next two budgets. Por the past six years, publi Por the past six years pubuic
and prveat sector pay rises
hava been regulated through tripartite agreements between
the govermment, employers the goverament, emid, the
orgaisations and ICTU ,
tater reprosesting the buils of latter reprosenting the bulk
organised labour in the country. The first agreemen
known as the Programme for Recovery, second known as the Programme for (PESP). ran from 1991 and.
expires at the end of thls year.
TThe two attements have been largely responsibible for the
economic stabily in treland economic stability in Ireland
over the past six years peace
on the tindustral over the past sis years
on the thations
tront, and the thal rhielemement of

Clinton and Jiang meet tomorrow at Apec talks

## US waves stick at China

| By Alextander Nicoll and Cerge Craham in Seattie |  | China's importance and did not wish it to be isolated, but that | $\begin{aligned} & \text { yet } \\ & \hline \end{aligned}$ |
| :---: | :---: | :---: | :---: |
| cials insist they are | torem |  | requirements were not met. On renewal of a bilateral tex |
| impose trade penalties | ing place during the anual | Tree official said: -We can | tile aceord which also expires |
| deant Bill Clinton has adopteda |  |  | ns had been more pro. |
| poicy |  | wi |  |
|  |  | and maxe clear | as and tee US was pre |
|  | prolieation, are also ilikely to |  |  |
|  | dent J | try with enormous potential. | On intellectual property |
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| in the near liture: market | cial senior adiministration ontior |  | Ms therre is no entorcement. |
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| These issues and china's |  |  |  |
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|  |  | rs.... have been |  |

## Apec nations at odds over Gatt talks <br> Investment and trade links boosted

| By George Graham and Alex Nicoll | night's vote in the US Congress on the North American Free Trade Agreement and less than |
| :---: | :---: |
| rign min | a month before President Bill |
| crom the Pacific region gat | Clinton's fast-rack |
|  | Round expines on December 15. |
| Co-ope | At the least. officials said |
|  |  |
| their fff | m |
| neuay Round of global trade | urging mare progress |
| Apec officials said they had | Ms |
| ther | dep |
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| nnt to libera | sta |
| rules on trading and invest |  |
| ent within the General | it to be concluded by the dead- |
| d | line |
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| Gatt talks in |  |
| bs offer. | would he extre |
| The clearest demonstration | strong. ${ }^{\text {Nevertheless, some officials }}$ |
| did |  |
|  | migh |
|  | largely peripheral to the main |
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| ag's director-general of | of which lie between the tis |
|  | and the Elurapean Cnion |
| Senior officials from ec countries kave been ho | Some countries left Apec have questioned wh |
| , | Mr Clinton's |
|  |  |
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|  | an effort to build a fortress.like |
| ministers | trading hioc incompatlile with |
| dnner | Gatt's multilatera |
|  | But us offic |
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| e Apec meeting is tal | blo |
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Kantor
expects
'concretes
offers

## US services push may backfire

| By David Dodwell, World Trade Edhtor, in Geneva | worldwide of more open financlal services markets and so would be maln casualtles if | offers from countries like Japan, Korea, India. Singapore. Malaysia. Thailand. Indomesla | access to US and EU markets |
| :---: | :---: | :---: | :---: |
| US strong-arm tactics to press | market-opening offers were | and the Philippines. |  |
|  |  | 1s cake, and |  |
|  | controversy in the final stages | Asian negotlator said: "It |  |
|  |  | other countries to accept |  |
| $\begin{aligned} & \text { tiap } \\ & \text { thi } \end{aligned}$ |  |  |  |
| witharawing conditit | eralisation by demanding an |  | cial services |
| opening offers. | from the obli | its power to exert hilateral | A |
| ther countries are |  |  |  |
| going to follow the US lead and |  |  |  |
| haraw their offers in inan- | 即 $\begin{aligned} & \text { restrict full MFN access to its } \\ & \text { financial services markets to a }\end{aligned}$ | choies but to do the same.- | An |
| tor in the Ceneral Agreement |  |  |  |
| on Tariffs and Trade said yes- |  | n | teras |
| day. "lt would be absurd for | banking and securities | financial services. it is putting | and disappointed " by |
| cause of problems | have MFN rights limited to the |  |  |
| has with a tiny number of | rights that exist at present. | countries see the US |  |
| eloping countries whose | improved access would depend | threats as no threat at all- they | is unable to tive with the pro- |
|  |  | presence in the US banking. | It is late in the day to b |
| hanks. brokerages, a | ers have | ${ }^{\text {r- }}$ | ot |
|  | improved market-opening | their financial services sect | table will accomplish |

Caribbean rum producers seek a fuller EU measure
France is being blamed for what is seen as foot-dragging on opening the market further, writes Canute James





##  <br> Housing market recovers strongly

homes，which rose 5.8 per cont jobless rate averaged 7.6 per
form September．Construction
of ant in the year to August of apartments．remains sub－
died reflecting overbuilding in the reflecting amd ferbuilding
people soelfing first homes． The sincrease inst homes．
strongest in the Martidwest strongest in the ．Midiwwest
where reburiding after Iooding
contribeted to a 13.3 per cemt
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oc per economic－growth is
accelerating after a weak－
 changesing in the the new year
Labour Deppartment estimates



 omen semkizog worazs mad many ben
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series，the femane the revised series，the female johless rate
was 8.8 per cant in the year to
August，not 6 per ceant as previ August，not 6 per
The pnew
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The new series will The new sories will oom ehuary 4 of unemploymen
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## Mexico＇s intellectuals win back tax breaks

| Damian Fras |  |  |
| :---: | :---: | :---: |
| mexico＇s |  |  |
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| mption from taxes on their | Thar | Ased，and saidenial Mexican writers |
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| tuals on the eve of the US con | caliture and national identit |  |
|  | a presidenitial spokesman sa | the |
| can | to | ＂The creators and aut |
| doubtless hoping t | clos | have |
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| quest to integrate Mexico with |  |  |
|  | and the novelist Carlos |  |
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|  | writers objected． not just |  |
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NEWS：THE AMERICAS

Bolivian workers agree to end strike Bouvvia＇s government and
mions have defosed a confict mions have defased a connice
over the arring of state work ers and agreed to resume tallss
on bow to sort out the cound－ on how to sort out the coow－
try＇s problems，officials suid
Reuters report find Reuters reports，from La Pazt
The agreement came afte The agreement came arter
eight weks of growing labour
narest whin
national strike
strike on

Guatemalan reforms agreed Gnatemala＇s President
Ranurimo dee Leonn and Congress
have Ravir
hace reched a deal to reforms
the constie he constitution，breaking a
11－week impass that
brought the brought the goverument to a
standstill，Reuter reports from Stansemala Cutity．
Onder the agr Onder the agreement，con－鿊 orward as soon as legally pos
sible，new appointments will
will side ，new et the jejuiciary，and a
plehiscite will he held to plebiscite will he held to
approve the proposed constitu－
bional reforms．

## Demjanjuk

order revoked
A US federal appeals court
vesterday overturned the 1987 order nuder which accused
Vari death camp guard
John Naxi death camp guard John
Demjanjk was extradited to
Israel and said Israel and said government
 Reuter reports from Clincin－
nati
Mir
IV Deaudanjuk， 73 ，was freed yy Istrael after，courts roled
hat he was a victim of mis． aken identify．जet returned to


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Of course，it guarantees compatibility，as ll of today＇s most popular software is designed o run on Intel microprocessors．It also generates enough power to cope with the nexi
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 information on intel 4866 DK2 processors．


Nicaragua breaks aid logjam


## LDP members told to vote against reform proposals

## THE LEADERSHIP of Japar's divided opposition Liheral divided opposition Litheral Democratic party yesterday called on members to unite and vote against governmint plans plans to clean up the scandal-ridden syilitical system. The call, hy Mr Yohei Kono. the president, is unilikely to upset est to upset the government's predicted victory in today's parliamentary vorte to reform pariamentary vote to reform peliectorat system and curb polital donations. political donations. Potitical observers expect the

## Emperor's MP wants to keep <br> Emperor's MP wants to keep multi-seat system unchanged

Bolger to form a government but says 'I got the message'
PM's party scrapes home by one seat after New Zealand's voters



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majority he woolt s sman to
invorve the opposition in some
sort of consensus on policy
sort of consensus on poling
although he said it moud not


You want a meeting for how many people?

Conferences. Conventions. Sales meetings. Spain can accomnodate all manner of business gatherings - Tbe organizational flair that played host to the world at the Barcelona Olympics, Expo'92 in Seville and in Madrid as European Capital of Culture, is ready and waiting. As is a network of hotels boasting all the latest conference facilities and communication technology • And Spain has one or two other business incentives • A pleasant all year climate. A menu of gastronomic delights. And a wine cellar the envy of Europe • Plus some of the finest museums and galleries in the world. And things with a peculiarly Spanish flavour. Like the neighbourhood fiesta - In Spain, the bottom line is always the same - A conviction that work and leisure aren't mutually exclusive.

BREITLING




## Dawn of the new South Africa

Last－minute climbdown by De Klerk seals deal on constitution

cherks and halances．The part＇s＇s 1933
constitutional proposals cailed for
political power to he divided between political power po he sivisided beetween Hares iers of government－ceneeral
regional and local－with each tier to


 regional governments：though 1be
regions sto becalled provinces are to
be eranted primary responsility for
and be garanted primary responsibility for
areas such as primary and secondary
education，huusing，health，policin


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implications for national economic implications for national economic
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aumy And with regions barre
 accept Mr de Kroval．it ithim hard the the
new state will be tederal．
In the end In the end，democracy in South
Aftica may well only be viable it the
stakes attached lo sta3es attached lo winning or losing
an election are reduced，and that can s only happen if loesirced．continue that
a powerful say in govermment．





 homeland：Government
releases poitical prisoners． 1993 ANC and Government
 end hunt for Aideed By Michaed Litudefolnns，UN
comrespondent，in New York The UN Security Council voted
unanimously early yesterday to call offsthe harly yesterdar for Ceneal
Mohammed Frah Aideed，the Somali warlord whose follow－
ars werw
Intamed for
International peaceks on ers were biamed for attacks on
International peaceleepers．
The decision was in reppone
in to an abrupt shiert in
after
ater policy were billed on October 3 in a
clash with Gean Aideend Sorres．
Adiml Jonathan Howe，UN



 a report that will determine
responibility for
attacks
repeated
 dialogue leading to national
reconciliation Gen Aldeed had
refused to
 bopes be will change his mind
Seven Nigians and 34 Pak－
istanis servin with the fore
have also been willed in attacks isam also bee
have Somalis．

## UN to

## PLO＇s cash crisis＇threat to peace process＇



Ngeria in new bid to end strike
y Paut Adams in Lagos THE INTERMM govermment of Nigeria yesterday moved
talks with the unions fro cagos to Absiai in a bid to end
a general．strike over higher
fuel prices．The mily yuel prices．The military－ap．
pointed goverument is expec
ped to offer publicsector work－ ers a rise in transport
allowances to offset higher liv． Last week it imposed a 600
per cent increase in fuel prices． Which it says is nevessary to
wipe out publicsenctor deficis
nd restore the state－owned Telineries st worling order．
The NIgria Lahor
Cons
strike call has bee
 high for over a year．
The main impact of the
trike bas heen on publicill ransport．domestic artiin
manufacturing industry， pork at Lagos and the
losed Banks and shops losed in many states
day and
There hast beene remained o oll production＂My
will strike when the tim head of Nupeng，the oit wor
ris union．＂The fuel price is
deshon ers union．The fuel price is as
sideshow．the real issue is
Nigria＇s political instability．＂


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## A Pharmaceutical Market Boom？

Climb the Great Wall．．
Approximately 1 in 5 people in the worid are Chinese
China is set to become a major economic powe
Per capita government healitcare spending will quadruple by 2000
One of the top 10 phamaceutical markets in the world
China pharmaceutical market－forecast to grow to US\＄ 5.3 billion by 1997.
China－A New Beginning＂
A strategic assessment of the dynamic Chinese pharmaceutical market，up to 1997.
中国—个新的开端

RESEARCH CONSULTANTS INTERNATIONAL
Cortact Christine A Schwets，Marketing Department，UK．Tel＋44 81669 1212，Fax +44818667987


 reduces the thance that under-
lying inflation -the RT exclim-
ding mortaage interest

## Blueprint for a more independent Bank

T CNE BANK OF
 icy indepeodeot of the Trea-
sury dand have the sole objec.
tive of pursuing prices stability ive of pursuing prios stability.
white coming under much while coming under much
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panel says today.
indel
 Rensearch, the 12 -man panel of ceademics, ness luminaries. former central
bankers and erswhil finace
ministry outciclats from
Britain ministry officilals from Britain
and anronad choses a midode
may hetwen the Cerrman
Bundesbank model and that of sundesbank model and trat on
he New Zaealand Reserve Bank
or a more independent Cor a more
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it builds on
It builds on the increased
responsibility given tot the
Bank for achieving price sta. Bank for achieving price stahe European pexchange riom mechanism in September 1992.
Noting that the new system

Peter Norman reports on a high-level contribution to the great debate on the British central bank
oting that the new syste. $\begin{gathered}\text { system of a legal rramework } \\ \text { contracts to }\end{gathered}$
$\qquad$
 apy. Instead. the panel's
aprococh menphasises transpar-
ahiility Specifically, the panel proPrice stahility should be the Bank's sole statutory objec. Treasury, should formulate
and announce medium term
trarget for infation and announce a medium term
target for innation
The Bank have full
cootrol of short-term interest cootrol of shont-tern interest
rates in pursuit of its target
The Bank's conduct of The Bank's conduct of
mootetary poikcy should be sub-
ject to routine parliamentary review. It suggests that the
Bank should also suhmit its inflation target to parliament
via the chancollor of the exhe. sia the chancollor of the exche-
quer who would be texpected to
comment on the Bank
that the report was an interest-
ing contribution to
what will ling contribution to what will
he a lenethy dehate on the
faturne of the Bank and that
thr
 Although Mr Clarke has
given the Bank more rreedom
of action for atacing inta.
tion he made clear this week



 actions. The Bank would also
be expected to enkplain how
its monetary policy be expected to explain how
its monetary policy option
were constrained hy govern were constrained hy govern
ment Thseal pooticies.
Thould have n
powers to lend money to the Powe Bank should have no
powers tend money to the
overment.

 nust have the power to over-
Hule the Bank and take over
conomic policy, including
nonetary poilcy, or a limited monetary poucy. tor a limited
period of time. But such a
move would he a very high
profile event and
 targets which it savs would bes be
a recie for "target drift".
The Treasury





## Turnover up at London exchange

By Noma Cotoren Investments Correspondent
SH.1RPLY higher turnover on
the London Stork Rccuange
the he six mooths ended June 30
 Afier costs. which include a 10.3m charge related to devel-
pment costs of the system





 Qneen's Speech in the tray's.
tional govermment announce.

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## New powers sought to cut red tape

## One of the most

beautiful areas of Great Britain.

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THE CONTENTS THAT MAKEIT MORE THAN A DIARY
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BOUNDTOGET YOUNOTICED


THE FT' CHAIRMAN'S SET
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Busineas Travel. Has 28 pages of cocinitry diniveys covering hours and useful addresses. Also; a bassiniess vocabulary in




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## Spring says UK 'crucial' to peace in Ulster

## A brand

 new field for major players in travel \& tourism.Ever since ethe entiest mineers made ferf firt Plomit ond drisistened Argentina The country of siver', it has been alume of opportunity for tuvellers from enery cormer of the world.
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visitors to Argentina bos doubled. With toorism now contributing grew by $85 \%$ in 1991 and $9.0 \%$ in 92
When you consider thesheer tiversity of tovismoppoortunities that Argentina offers, itis ensym see thereasons Sor such dromatic growth. From hte exdiing, cosmopolitim a ity of 8 venos Aires, to sküng iothe Andes, 'eco-tovism' in the Voldès Peniisulo, rund

Vauxhall threatens to impose single-union deal

| ndrew Taylor, truction Correspondent | lor Woodrow the large UK con tractor has been appointed | and BEMO-NATM (Austria) - Kier (UK), Marphy (UK) and Kunz (German): | By Robert Taylor, Labour Carespondent | Voting has not yet been completed among Vauxhall's other manual workers on whather | will take tudustriai action uni laterally without any coordinated or formal response |
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MANAGEMENT: MARKETING AND ADVERTISING

$\frac{\text { Celebrities can bring instant fame to }}{\text { a brand; but they can also fall from }}$ grace. Diane Summers reports

## Dangerous liaisons









## PEOPLE

## End of an era for insolvency name

Roger Cork is severing the last
remaining fanily
fetween the famous insolvency
 Lt 1989, below, who is the son
or insolvency doyen Sir Ken




In a statement recently cir-
 opinion" with the firr
future of Cork Guly.

## Work for economist

## Despite his periods at Essex University and the London

 niversity and the London vice economist
This is just as well because This is just as well because
on Mondy Smployment Department. Wobertson replaces Pam Mead-
Whe who has left to become
trector of the Policy Studies director of the Policy Studies
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Robertson, 44, joined the

 . Branch in the DTV; and after a

## Willis Corroon bags Schreyer



## A little luxury goes a longer way

A demand for durable products has replaced the throwaway ethos of the 1980s, writes Alice Rawsthorn

| T <br> he Soltan of Brunei recently spent an agreeahle afterncon shopping a <br> Tiffany and treated himseif to <br> a $\$ 70,000(550,000)$ trinket. <br> The sultan must have been a <br> welcome sight at the Manhattan <br> store which, in common with the rest of the luxury trade, has had <br> a tongh time recently. The <br> indastry is still under pressure <br> as illostrated hy the recent <br> takeovers of Gneci, the Italian <br> leather company, and Yves <br> Saint-Laurent, the Freoch fashioo house. Bnt the sitoatioo is <br> improving as the global ecooomy <br> eages towards recovery. The <br> their marketiog strategies to met <br> the new demands of the luxary <br> market after the recessloo <br> During the 1980s, the dominant theme in the luxary hnsiness was <br> expansion, as oew customers <br> eotered the traditional markets <br> of Emrope and North America and <br> Japan emerged as a dynamic oew market for expensive western <br> goods. Whereas the industry's <br> pay more for prodocts which were <br> distinctive - either because they <br> were made in limited editions <br> or designed to particnlar specifications - all that th <br> oouveau consumers wanted were instantly recognisale <br> symbols. <br> The most successfal luxury <br> prodncts were the ohvions ooes: <br> Cs on the gilded buttons and Lonis <br> Vuitton luggage emhlazoned with <br> initiais. <br> some of thession has weeded out <br> and reshaped consumer taste after <br> the ostentation of the 1980s. <br> "People show off less than they <br> used to," says Francoise <br> Jollant-Kneebone, design director <br> of Louis Vuitton, the French <br> prepared to spend a lot of mooey <br> on an expensive prodnct, hnt only <br> if theyre certain that it of <br> will last." <br> the most successful companies <br> of the early 1990s are those that <br> Hermès of France bas prospered | hy sticking to its specialist niche at the top of the market with its 135 scarves and Asprey, the British concern, that has turned its Bood Street store into the gift shop for the world's super-rich. <br> This husiness is all about <br> scale," says Peter Wallis, director managemeot consultancy. "lt's periectly possihle for people to gouds today, hut they have to accept that there are limitations to the size of the market." Hermes and Asprey have acknowledged the constraint <br> "It's perfectly possible for people to operate successfully in luxury goods today, but they have to accept there are limitations to the size of the market" <br> Hermes plans to cootioue to expand the ioternational oetwork of shops that fueiled its growth Dumas, chairman, has said the pace of openings will he slower in the 1990s. <br> Naim Attallah, group chief executive of Asprey, is adamant that he wiL not expand the original Asprey company. "lt's <br> a very special hosiness," he says. the world, we'd risk ruioing lt." <br> The luxury companies have had meet the new demands of the meet the hacklash against the "throwaway" ethos of the $1980 s$ expensive items, hut are prepared to pay more for them if they are convioced they will last. <br> Jollant-Kneebone says fewer <br> of Louis Vuitton's customers "come back to hny a new bag been a sharp increase in sales of customised luggage, which is often more expensive than |  |
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Virtual reality is taking off in the games field, but its impact on industry has so far been limited. That is now set to change



## Artificial look into the real world

## Russians show their mathematical might

| irtual reality can be bad for you th can disorientate the brama and malke it hard to readjust to the real world This is the view of Bill O'Rionds a protessor at Imperial College. London, and head of advanced research at ICL, the UK computer group owned by Fuitsu of Japan, He bolieves the creators of virtual reality have made a fundamental error by failing to base their world on the laws of physics. <br> Yet he is conlident a solution can be found - in Russia, where software experts bring a matheroatical scrutiny to bear on computing problems that contrat with the wests more pragmatic |
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Advice on some burning issues
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## SIEMENS NIXDORF

Dear Pierre de Coubertin, forgive usfor changing your Olympic motto into our service philosophy: "Closer, faster, stronger".

"Being there is everything" doesn't work in computer sevvicing. dooour
goal is "closer, faster, stronger"- regardgoal is "closer, faster, stronger"- regardtems ars from Siemens Nixdorf or any ther manufactures "Closere" to our work of local supporttecchnicians snd op specialists at our support centers. foster" response, by means of the ur Teleservice and new computerized spare parts management And stronger" in performance, since new, duce the isk of failure to a minimum right from tha start Atter our rigorous training, we're looking forward to
challenging the best in the market
The European spirit Synergy at work


## ARTS













## - BOLOGNA













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## OPERADANCE Collseum Mark Eder Conducts tha first night on Sot of Tim Albery's <br> first night on sat of THM Albeg's






Covent Garden Tha Royal Eadlet
has MacMillen's Romeo and Jufiet




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Musicals

## Mae West: I'm No Angel



## The Grub Street Opera        <br>  Stairs, anenenirb pettos larcony of siber   <br> Andrew St George




Theatre/Malcolm Rutherford

##  <br> THE PUCHCEL EXPERIIENCE   menk seond perat of thessouth leading pot his teracenteneny conceris <br>   Smomow: Jahn Lill pleys sramms' Posek conducts npo nin Niesen  ecital. Sun evening: Leoner silit         <br> 

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## No upwardly mobile freeway to the future




## LETTERS TO THE EDITOR

Numaber One Southwark Bridge, London SE1 9HL
Pax 071873 5938. Letters transmitred should be ceanty typed and not hixod written Please set $\qquad$
Perfume ruling cannot go unchallenged


FINANCIAL TIMES
 Thursday November 18 1993

## Talking to the Chinese



John Ridding and Quentin Peel on the competition between European groups for high-speed rail contracts Next chapter of the railway children



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 Nand
and Mellourne in Austraia

Women's jobs are increasingly being poached by the opposite sex, writes Rachel Johnson


## Last lap in South Africa

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Men still on top
 Manower US, the emporiment noticeable intrease in the numbers
of mon entering the temping market
tor jobs that women have expected to

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Men are quicker to
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Ms Fiona Foz
At he csame ime, the recession it
forcing changus in corporate behav
iour. A Confederation of British


## The driving force

 encroachment into previously female territory is economic

 No company would admit pub-
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## OBSERVER


 promoting women But the Labour
party reectily provided evidence of
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in
Britain. But above the level of Britain. But above the level of
senior nurse, men outnumber耳romen, according to the Royal Col-
lege of Nursing "Men are more
assertive beccause they are not wor. rled about getting pregnant and
interruptingtbir careren, says Mr
Jamie Fieming. of the ecN
 director ory s top midndifiery
West London Hospital Though women may envy male
success. there is a case for arguing
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top by Lizard Press in Cormwall and editerd by busbband
and wife duo, ex-FT features editor John Bourne and ex-Guardian
journalist Jean tsead But the
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for the first six months. Hardly surprising seeing the cover charge
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Shepherd
Design \& Build

# Belgian austerity plan pushes up share prices as interest rates fall 




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| impact of lower interest rates. |
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THE LEX COLUMN
Courtaulds catches cold


Passions flare as Nafta vote nears


Britain threatens US flights to Heathrow

Continued from Page 1 Lord Caithness. the UK ariation
molnister. described the US derit sion as. a asprovecative ast qutle
contrary to our agreement with Hie ndided the UK gorernment felt t the moreve would grejernmentice BA
because airlines cannut plan on a bio days hasis.
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f1m London fund to beat IRA bombs
By Jimmy Burns in London
LONDON-based financial nstitutions have contrinituted to
E1m \$1.49am) fund to reward those who give the police lifor
mation on attacks by the
Republican Army on economic The identity of the fund's main
tery sponsors is being kept secret but
he National Westminster Bank whose City of London office wa
andy damaed in a bomb attack in Aprili, said it strongly backed
the initianitie.
The Bank: said: "This is an portant additional mechantsm thst will help pursue thos.
respusible for terrorist attacks. scotland Yard sald the inftla eerrorist officers developed my manati the hased companies.
The money comes The money ormes from dozen
of compnies arond the country
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$\mathbb{N}-\mathbb{D} \mathbb{E} T \mathbb{H} \mathbb{R} \mathbb{E} \mathbb{E} \mathbb{R} \mathbb{C} H$ depends on teamwork. Simple enough in theory, perhaps, but . practice is quite another matter.


Every slock recommendation is ulinately under- Similarty, we consult with the very instirutions who reh pimed by pure information. The question is. how
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QUALITY RESULTS. THF
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LEHMAN BROTHERS
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## Hewlett-Packard disappoints






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${ }^{\text {Page } 20}$ Cock the roost




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to close at 6009 .
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A quarter or plants and animais arefidager
of extinction in the next 30 yeara; Page e28.

## Market statistics _ _



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## COMPANIES \& MARKETS



## Hungarian bank in bail-out talks

Cith or the banks estumared risk
weigbted asset of Fotiln
Tbe latest estimate of Hitel

## Weak krona aids Electrolux recovery


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Nutricia says food recall will cut profits By Ronald van de Krol in
Amsterdam
SHARES in Nutricia, one of
Europe's


 brand of baby food because ars
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bave traces of a disinfectant Tbe bave traces of a disisinfectant Tree
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 cent, at Fl 1 138.20. In London,
Unigatess sbares ended tee day
down 12p at 355p. Nubtricia, the biggest Reropean
baby food producer atter Nestle
of Switzerland said the source of Switherland, seid the source of
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for around 16 der cent of Nut
ricia's 1992 sales of F 1.25 bm. ricias 1992 sales of F1 1.25bn.
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aiised dietary foods for the $\begin{aligned} & \text { ellsedry, atbatetes and } \\ & \text { nurntional disorders. }\end{aligned}$

## Merrett Group fails to secure Travelers' backing

Rover chief is picked to head Lucas Industries

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Rover Group, BAe's vehicles Rover Group, BAe's vehicles
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The Midands-hased group
has been trying for months to


## A Pera International Report

## Single Market: An empty promise?




Grupo Financiero Mexival Banpais,
S.A. de C.V.
(A Mexican Financial Group)
has acquired $51 \%$ of
ASEMEX
Aseguradora Mexicana, S.A.
\$582,000,000

We acted as financial advisor to
Grupo Financiero Mexival Banpais, S.A. de C.V.
Bear, Stearns \& Co. Inc.
NewYork/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco
Geneva/Hong Kong/London/Paris/Shanghai/Tokyo . Nowember 1993


## Hewlett-Packard shares dip in spite of strong growth



## Thomson third quarter quiet



| (5) Banco Sabadell |
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| Placing Agents AB Asesores Banco de Sabadell |
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EDS in multimedia joint venture

| EDS. the computer services subsidiary of General Motors. yesterday amnounced a joint venture with France Telecom Bell operator, to provide interactive financial transactiou services to the bome and tusidess markets. <br> The joint venture. called Interactive Transaction Partners, marks a further advance in tbe multimedia ambitions groups. $\qquad$ |
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## Fund buys US hotel chain

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Common Stock

1,600,000 Shares
PaineWebber International
CS First Boston
Kidder, Peabody International
BNP Capital Markets Limited Goldman Sachs International Limited Nomura International Salomon Brothers International Limited S.G.Warburg Securities
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7,600,000 Shares
PaineWebber Lncorporated
CS First Boston

## Kidder, Peabody \& Co.

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| インベスター・リレーション活駆な |  | HE RTJAPAN Club for Japanese Companies |
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|  <br>  <br>  |  | on a first come，first served basis and，the ies who have joined will be annotated by he column of Jupanese slocks． <br> which makc up a winning hand include： |
|  |  | R REPORTS WITHIN 24 HOURS TO REQUESTED A COPY． |
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| Chiyoda－ku．Tokyo 101，Japan TEL：（03） 32954050 | FINANCILILTIMES | TEE：${ }_{\text {England }}$ |
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##  <br> －Wall St savours Boston Chicken

The fast－food chain had a successful IPO．Frank McGurty reports






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## Steyr－Daimler－Puch expects deeper losses




## By Patrick Blum in Vienne

 Steyr．Daimler．Puch，theAustrian motor group，expects Sterr．Daimler．Puch，the
Austrian motor group，expects
losses to rise harply this year
to abont Sch320m（šim）This to abont Sch330m（sserm）．This
W would represent a marked
deterioration compared with deterioration compared with
the e 1929 deficit of Schbsm Par．
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ted to to meany losse are expec ent company losses are ex
ted to be about Sch180m．

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## 1．P．Morgat fic micorporated： US5200，000，000 ： Subordintied thoating rate notes due Angive <br>  <br>  <br>  <br>  <br>  <br>  <br> Agent Morgan Guara Tust Company <br> JPMorgan <br> FINANCTALTMES <br> Vous talt part d＇un accord   Intemationales＇，une anmonce conjlime dans li FNANCIAL TIMES ot LES ECHOS augmontera do facen substantiolle Impact do votre

| Wells Fargo \＆Company |
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| US $5200,000,000$ <br> Floathygrate subordnated capital notes due 1998 |
| The nokes witt bear ingerest af 3．5625\％per annum for the ． 1993 to 18 Februcry 1994. dacest pajable on 18 Febroary per ESS 10,000 note |
| Agent：Morgan Guaranty Trest Company |
| JPMorgan |


( Belgum interest rate cuts inspire continental markets Argentina issues

## Statoil borrows \$1bn through five-year lo <br> Kepco launch hampered by investor fatigue



## $\frac{7}{0}$

## Argentaria sale raises Pta170bn for Spain

| Tom Burns in Madria | taria shares mirrored the suc- |
| :---: | :---: |
| ARGENTARIA, the banking corporation controlled by the Spanish governmeot. netted about Ptalionn for the spanis placed 25 per cent of its equity on the donestic and international markets in lts secoodpublic share offering this year. |  |
|  | price of Pta3,800 end |
|  | was also strongly oversub. |
|  | Investor interest has beeo |
|  | fuelled by firm third-quarter |
|  | results and by the potential for |
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| place just | Argeotaria controls e group |
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| The offer price represented a | esa, the electrical udility, Tele |
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| times the available | althougb no single share. |
| strong bids for Arge |  |




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## 24 FINANCAL TIMES THURSDAY NOVEMBER 18 I9P3

## Reduced underwriting loss lifts CU to $£ 144 \mathrm{~m}$

| By Rich | increased competition for pri. vate motor business". |  |
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| ket conditions were continuin | issue and c81m from shares in |  |
| Hanson sale gets under way |  |  |
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| HANSON, the Anglo. US conglomerate, will today signal its smaller businesses by announcing tbe disposal of Axelson oil and gas in North America. |  |  |
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| Mr Derek Bonham, Hanson's chief executive recently given the additional title of deputychalrman, is understood to have given the go-ahead to ralse more tban 5500 m from the sale of noncore busi nesses on botb sides of the |  |  |
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| ${ }_{\text {A }}$ Atamitic. ${ }^{\text {The }}$ group has decided to |  |  |
| for new issues in the US and UK markets by drawing up |  |  |
|  |  |  |
| plans for a number of fiota. tions, although it is still plan- |  |  |
|  |  |  |
|  | Water companies make progress |  |
| trade sales. |  |  |
| David Clarke, chief executive of Hanson Industries, the group's US arm, have long the group by concentrailing its tesources on big businesses such as coal, building mater. als, tobacco and chemicals. The rise in tbe group's net | Two water companies controlled by byounaise des Dumez returned blegher profits for the half year ended Septem. ber 30. <br> Suffolk Water's rose from 52. 4 m to 52.9 mm pretax on turn: over of 59.9 m ( s 8 gm$)$. Earringes per sbare emerged at $56 p$ (430) <br> but the interim dividend is $3.3 p$ (23.7p). <br> Esses Water returned pretax profits of $89.9 m$ against 89.4 m on turraver of 835.4 mm ( y 33 mm ). Earaings per share were sop (13ip) The intertu dividend on the voting $A$ shares and nonvoting 8 sbares is $39.1 \mathrm{p}(36.8 \mathrm{p}$ ). |  |
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## Hanson sale gets under way <br>  


Cost cutting and rising
output behind earnings surge at Lonrho SA

| By Kerneth Gooding, Mining Correspondem | ding a one-off cost of redundancles, and by 7.8 per cent to R19,990 Including this |
| :---: | :---: |
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| 隹 | Turnover at the division, which takes in Bastern Plati- |
| Aftica's platinumm interests by |  |
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| in the year to ena-seetembe |  |
| However, the fall in th |  |
| price of rbod | R928.7m |
| per cent from the 19 | Net mio |
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Unilever puts a smile on Chinese faces with. toothpaste venture

| UNILEVERR IS to set up a joint venture with Shanghai Toothpaiste Factory fo China for the prodnction and marketing of oral care products. <br> Unilever will have a 60 per cent share in ene venure - is sinth in China - which will employ 1,350 people. Shanehai Toothpaste claims to be China's largest toothing more than 550 mm - pubes a year - and with about S per also the largest mannfacturer in Astia. $\qquad$ and Maxam are well known in China, while Maxam is also exported to several Asian and Affican countries. |  |
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|  | oral hygiene consciousness. |
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## P\&S News up $10 \%$ to F 3 sinin

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## Acquisitions behind 49\%

 Volex surge
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Meyer to $£ 19 \mathrm{~m}$ By Peter Pearse volux GRoUP, the electrical


## Strong profit growth

$\star$ Pre-tax profits from continuing activities increase to $£ 144.2 \mathrm{~m}$.

* General insurance trading conditions continue to improve, especially in the United Kingdom.
* Selective growth in life and general business.
$\star$ Life profits increase to $£ 86.4 \mathrm{~m}$.
$\star$ Shareholders' funds increase to $£ 2,314 \mathrm{~m}$.

| HIGHLIGHTS |  |  |
| :---: | :---: | :---: |
|  | $\begin{gathered} 9 \text { months } \\ 1993 \\ \text { Unaudited } \end{gathered}$ | $\begin{gathered} 9 \text { months } \\ 1992 \\ \text { Unaudited } \end{gathered}$ |
| Total premium income | £4,488m | £3,761m |
| Operating profit before taxation and loss on termination of activities | ¢144,2m | s6.1m |
| Operating profit/(loss) after taxation and loss on termination of activities (note 1) | ¢124.5m | $E(5.7) \mathrm{m}$ |
| Operating profit/(loss) per share (note 2) | 20.7p | (1.8) P |


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FT Surveys

$£ 2.9 \mathrm{~m}$ boost from sale of investment properties
Land Securities edges ahead to $£ 118.9 \mathrm{~m}$


## Bowthorpe＇s \＄21m expansion

| ${ }^{3}$ By Paul Taylor |  | Lear Siegier and is a leadin |
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|  | rpe |  |
| national electronic | extremely well into Bow－ | instruments a |
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| strengethened its | Bowthore＇s sata actuvisition | The net assets being |
| operations with the accuusititio |  | va |
| of Colorado－based Lear Siegle | airead | Jume．For |
| surement Controls | nies whin | Lear Siegier reported a |
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|  |  | e business is now trad |
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| Commenting on the ac |  |  |

## Banner seeks $£ 3 \mathrm{~m}$ and full listing




## COMPANY NEWS：UK

## 

Dalgety in talks to buy BP petcare business
DNAEETY，the







## and



Exit from fashion business will cost $£ 6.5 \mathrm{~m}$ and lose 300 jobs Pittards to close clothing division

| By Peggy Hollinger | in light of tbe announcement． Pitiaris．alons with its main | the group＇s net assets to s22 lm．This would have forced | Booth．The closure leaves Pit－ |
| :---: | :---: | :---: | :---: |
|  | rive | Pittards to breacb several of its |  |
|  | struggling to |  |  |
| eat in its four－year battle | effects of exiremely volatile | these b | gloving leather and shoe and |
| in | sheepskin | negotiations with the group＇s | ． |
| ncement that it | 18sss．Strong \＆Fisher |  | － |
|  |  | Pittards has debt of s 1 |  |
|  | tion from | leaving gearing at |  |
| decision will leave | the | cent me readudancy grame would pusb gearing | ned lossees for each of the |
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| and has cast doubt on the divi－ |  |  | £1．5m for the 10 months of this |
| ds | and advance cor |  | 5 |
| $\begin{aligned} & \text { was unlikely to return to "a } \\ & \text { normal level of distribution" } \end{aligned}$ | $\mathrm{tio}$ | Pittards first entered tbe fashion business in 1986 with | $1994 .$ |

Aer Lingus workforce poised to take $5 \%$ equity stake

| Coone in Dub | 5，500 mortiforce，accepted pay－ roll cuts amounting to IEnum | The negotiations vernment were b |
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| 兂 | actices，in | Un |
| Lingus，Ireland＇s state airline． apeara to have passed one of | tary redundancies． | co |
| its final hurdles last night， | \％ | alisations a |
| after the irisb government |  | other state enterprises，such as |
| the workfor | refer this mattrr to arbitration | heing groomed |
|  | ${ }^{4}$ trihum | privatisation |
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| ${ }^{\text {pay }}$ The equiv | freeze |  |
| per | fund to be distributed to the | in D |
| cash if the airline | wor | both on acceptance |
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| Mr Paul O＇S |  |  |
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| Aer LIngus．This is also a first | cue package until the govern－ | which are already |
| an national airlin |  | The |
| kers will im | a 5 | intensely competitive Dublin－ |
| real shareeold－ | ${ }^{\text {airline to the }}$ SPTU | London route are opposed to |
|  | 15 per centi one of its officials | － |
|  | po |  |
| rrier this month，SLP | ． | the route and are lobbying |
| majority of the air | force in some US airlines＂， | the plan． |

Nationwide buys $£ 24 \mathrm{~m}$ mortgages

Nationwide．the UK＇s second
largest buidding society，sald largest building society，sald
yesterdy that it thad bongt the National Bank of Conada

 it mortgage business，which
it entere in tags．Neither the
baok nor the ．Nationwide baok nor ene thatiowita
wand reveal the piree thatil
The portolio will be ma The portrilio will be
ased hy Nationwide
Loans a Loans，a wholly owned sol
iary of he bilding soc
bringing its assets to
 Nait tonal Bank of Cana
said that it thad sold the morn
gage hook hecause $i$ its Eage hook hecouss its core
business was in treasury and
and corporate mateers ra
on the retail side． In Angust，the bank
reported as strogg recovery for
the thirr
months．


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| Courtaulds defends core | Youngs |
| activities' performance | bolstered by interest |
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Flotation puts $\mathbf{f 6 3 m}$ tag on Fenchurch
By Richard Lapper
PENCHURCH, the insurance broker.
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the shares yesterday Enalised its hotation, pricing
the shares at 180 p , which will capitalise
the company




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NEW LINE CINEMA CORPORATION $6-1 / 2 \%$ Convertible Subordinated Debentures Due 2006





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Vosper to boost acquisition level

| By | said the group had so far been justifably cautious on making | of E 137 mm at the halfyear. although the total was inflated | curement stated last month that the Royal Navy needs more single role minehunters" |
| :---: | :---: | :---: | :---: |
| VOSPER Thornycroft | chased | by the receipt of a large | The |
| Sthe shipburlding an | ever, be | maymern $\begin{aligned} & \text { minding } \\ & \text { under }\end{aligned}$ | shapbril |
|  |  | about scome boik of work yet | 㐋 |
|  | about the szam level, if a |  |  |
| lessening its dependency on |  | then Escoum, with over 95 | seen itar ies the company has |
| e ${ }^{\text {Sout }}$ |  |  | also |
|  |  |  | ding team for the project with |
| ase | or sales were gread nected to warship orders. | batch of Royal Navy minehoun | Earnings per share increas |
| October 3. | which could be erratically | ars. |  |
| Sales rose by 27 per ceant to | was still defence |  | while the interim cevidend ${ }^{\text {a }}$ |
|  | relat |  | ${ }^{\text {(12tp) }}$ |
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## Jarvis Porter helped by purchases

| by Paut Teghor | The growth in proits was fuelled by |
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| STITIONS HRLPED Jarvis Port | marsins. Turavorer increased hy |
| the specialist label printer for the spprre |  |
| an 84 per cent increase in interim | lahel producers, DoIphin in Lewis and |
| fits. | Irwin Packaging in Cardirin March |
| in the six months to August 31 Earaings |  |
| share increased to 7 7.29 (5.1p); the | about y 10 |
| a. |  |
|  | autributable to Dolphin and ITwin Exchu- |
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## Creditors approve scheme of arrangement for Kwelm

## Andrew Weir

creditors to
get payment

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Moran cuts 10sses to
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MORAN Holdlngs, the
USM-traded tea producer,

 The improvement reflected ecord proflts from the
frelght forwarding
aifisinon
and substantiall
better results from the Indian tea
company Group turnover for the 12
months to
frume 30 addaceed Charges were cut to $£ 410.0000$
( $£ 563,000$ )
and per share cmerged at 166.64 p
(4632)
Inthe High Cout in odimine High Court in July the
charged folion orrem was dispackage being approved by
sharetholder.

BTR to auction 48m of shares BZW Securities is inviting bids
for blbe shares it has ared to
acquire under its cash offer in
 pany. is intended to sell the
shares - whicb will have a shares - whicb will have
value of about 9 shs - throu
a strike price auction.
Huntleigh purchase
and £9m placing and £9m placing

The purchase will be partly
furded ty the raistng of s9m
vis a
 she balance being financed by
s1.5m cash and the issue or


| Court in London on Decenbier 8, followed by simular approrNew York courts on Decentber 14. <br> Mr Hughes said he hoped to be able to offitar a first anviend next year, estimated. at between 3 per canit and 12 per cent for the difterent. compa-nies.nias <br> All <br> te the Kwelsn companies United Investmenṫ, the Thsures now m adbumistration Lime Street and Matuại Re. |
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Atreas 21\% ahead at $£ 551,000$




Partnerships lower
For the balf year ended Sep-
tember 30, Property Partner-




 F\&C German net
asset value at 137p




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The United Mexican States Collateralized Floating Rate Bonds Due 2019 NOTICE IS HEREBY GIVEN that the interest ratee covering tbe incersost period
fram November 17, 1993 to May 17, 1994 are dealied below:



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As European issuers look for increasingly efficient and cost effective ways to raise capital, more and more are discovering the difference that Merrill Lynch can make.

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# Over the last 5 years we've helped millions to emigrate to Europe. 

## Inco sees nickel market heading for deficit

| By Kenneth Goocing, <br> EVIDENCE IS building that points to a big cut in Russian nickel production and exports. This has lead Inco of Canada, the largest western producer, to claim that ntckel supply and demand are virtually in balance this year and the market is heading for a deficit in 1994 . Sumitomo Metal, Japan's leading nickel producer, has pubicic exports to the west will plunge by 3 per cent to 85,000 tonnes this year from an esth- |
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## Norske Shell says leaking tank shut down platform

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RTZ to spend $\$ 500 \mathrm{~m}$ at Utah copper complex
By Konnoth Gooding

## India expects cotton crop

 close to last year's record
## Protecting Earth's life-support system

UN scientists see 'biodiversity' as crucial to future food supply, writes John Madeley'.

 INDIA EXPECTS to harvest 13.5 m bales (1720kk eachen during he season that began in Sep-
tember, only magrinaly down
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## MARKET REPORT

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FINANCIAL TIMES THURSDAY NOVEMBER 181993
FINANCIAL TIMES SURVEY
SOUTH AFRICA: Open for investment


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Leaders in M\&A and Equity Financings for South African Companies


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## SOUTH AFRICA: OPENETETVMSTMHTL <br> THE ECONOMY



## The recession is ending, inflation is in single figures, but many hurdles remain, writes Tony Hawkins

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## POLICY

## From civil war to consensus

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CONSUMERS

## Retailers woo black buyers <br> Retailers woo black buyers

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Ready but not yet willing


 JAPAN

## Still in courtship phase


#### Abstract




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| Ricbard Stuart |

New York
212) 4845885
(212) 7138653 from 22 November 1993

| Foreign trading on the JSE equitles market (Rm) |  |  |  |  |  |  |
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|  | 2.009 | 5.116 | 5.999 | 2.554 | 4,807 | 6,656 |
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David Waller
FRANCE
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#### Abstract



STOCK MARKET STRUCTURE Unthinkable achieved






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## "THE CHANGES IN

 SOUTH AFRICA AND
## THE WORLD HAVE

 WIDENED THE CORPORATION'S HORIZONS AND OFFER THEPROSPECT OF
A CHALLENGING
AND DYNAMIC
PERIOD OF

## RENEWED GROWTH."

Julian Ogilvic Chumpsun Anglo . Tmeric:in C: ©hairmirm

- With the Zebra project we are developing, in partnersbip with AEG and Daimler Benz, an environmentally clean bigh energy battery to power passenger vebicles in polluted inner city areas. A Mercedes equipped with a Zebra battery bas covered more tban 45,000 maintenance-free kilometres and other major car manufacturers have requested Zebras for their own vebicle test programmes. A production developnent facility is being commissioned in Europe. The project demonstrates that industrial lead times can be as long as in mining and as dependent on a deep purse and steady vision.
- Our R764 million investment in Del Monte Royal Holdings extends our interests in the value added food business and will belp to counter the cyclical nature of commodities. The new group, with the prestigious Del Monte brand name, is well placed to build on an already strong market position internationally and, in so doing, belp expand the deciduous fruit industry in South Africa.
- Our international projects do not prejudice out investment programme in South Africa. Namakwa Sands, at a cost of R1 billion, combines outr experience of large mining and industrial projects with important new technologies. Namakwa Sands is strongly export oriented and bene ficiation will add considerably both to the value of the raw material and to

South Africa's foreign exchange earnings. Reserves are more than 500 million tons and the life of the project is expected to exceed 35 years.

- The Moab gold mine, of great significance to our position as the principal world producer, is being developed at a cost of R1.7 billion and reaffirms our confidence in the long term future of gold. Over its 25 -year lifespan Moab will yield up to 13 tons of gold a year.
- The Columbus stainless steel joint venture at full capacity will produce 500,000 tons a year, making it the world's largest single-site producer.of stainless steel. Columbus typifies the kind of project essential to Soutb Africa's future growth. In turning basic commodities into bighly sopbisticated alloy steels for overseas markets it adds significantly to the value of South Africa's resource endowment and earns critically needed foreign exchange.
$\square$ The capital cost of these tbree Soutb African projects, all geared to export, is R5.5 billion, demonstrating once again out long term commitment to South Africa and confidence in its future.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA


VISION BEYOND BORDERS

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## Playground for visitors


${ }^{\text {ta }}$ Inflation news boosts base rate hopes

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## CROSSWORD



## EOUITY FUTURES AND OPTIONS TRADING

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was needed, $u r$ ritce Peter Jomm Derivatives began wearily
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| forecasts a loss of geonm on a historic cust basis <br> Calor Group, always boosted by cold snaps in UK weather, jumped 11 to 293p. <br> PowerGen's purchase of a 3.9 <br> per cent in the Liverpool Bay Monument Oil \& Gas contin. ued to drive Monument shares, a sliade harder 56p, hut also ing by Lasmo, also heavily Involved in Llverpool Bay. which hardened to 134 p . Enter: ing 9 firmer at 9 to $462 p$. Recent encouraging drilling news helped Pict Petroleum add a further 4 to $15 S p$. <br> MARKET REPORTERS: <br> Christopher Price, <br> Peter John, <br> Steve Thompson. |
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FINANCIAL TIMES THURSDAX NOVEMBER 18.1993







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staring Aug 30．the Financial Times will begin hand delivery evay orking day in the business ce


NASDAQ NATIONAL MARKET


## Profit-taking erodes gains in US stocks

| Wall Street <br> INVESTORS took some proEits <br> yesterday, after Tuesday's <br> US share prices slinghtly lower <br> across the board at the halfway <br> stage, writes Patrick Harverson <br> in New York. <br> At 1 pm . the Dow Jones <br> Industrial Averuge was down 5.59 at 3.705 .18 . The more <br> hroadly hased Stan- <br> dard \& Poor's 500 was down <br> composite was 1.58 lower at <br> 473.15, and the Nasdaq compos- <br> volume on the NYSE was 180 m <br> ahares hy 1 pm . <br> MEXICAN eqnities fell back <br> alightly in early trading after their recent record gains, with <br> some profits belng taken in <br> Telmex. The IPC Index was down 16.03 at $2,143.32$ in turn- <br> down 16.03 at , 143 . <br> Investors were also cautious <br> Nafta vote in the US. <br> with the Dow poating douhledigit losses in the first hour of trading as investrst took the opportunity to book some of the profits earned on the prevlous day, when the the first time in its history <br> The main attention of dealers and investors remained the Naita vote in Congress, which was scheduled for late last <br> night. Since the weekend hopes have been rising that the House of Representatives will vote to approve the trade pact, hut there was enough uncer- talnty surrounding the final outcome to persuade many parthicipants in the markets to stay on the sidelines until after the esult was known. <br> Bond prices were higher in early trading, which provided some support for stocks, hut the Treasury gave hack most of its gaics soon after midday. |
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 firmed $\$ / 5 \mathrm{to} \$ 861 /$ a,
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## Austerity package helps Brussels to record high





## Zealand recovers



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Mexico waits for news from Capitol Hill


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SECTION III

## WINANCIAL TIMES SURVEY <br> CHINA



Thursday November 181993


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## Mr Zhu walks an economic tightrope

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The government has eased monetary policy but inflation is still worryingly high, says Edward Bails

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Tony Walker profiles the movers and shakers in China's economy

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The meteoric rise of Zhu Rongji
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## FT SURVEYS

Forthcoming surveys on Asia

Vietnam 30th November 1993 Thailand 6th December 1993

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## 

## Lanqing's star

is rising












Wu Yi: "a smart, tough bargainer









## Challenges for China's rulers


Find


| Merchant | Baring Brothers \& Co. is a leading manager and <br> underwriter of international equity issues by Chinese <br> companies. It also advises foreign companies on <br> acquisitions and investment within China. |
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International

Baring Securities was the first international stockbroker to publish research on China's securities markets and is one of the first three international brokers to be allocated a special seat on the Shanghai Stock Exchange.

|  | Baring Asset Management created the first China fund in |
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| International | 1986 - the US $\$ 70$ million China \& Eastern Investment |
| Fund | Company Limited, which is listed on the London and |
| Hanagement | Hong Kong Stock Exchanges, and the US $\$ 125$ million <br> Greater China Fund which has been listed on the <br> New York Stock Exchange since 1992. |
| Llssued by Barings ple. Approved by Baring Brothers \& Con Limired, a member of SFA for the purposes of E57 of the Financial Services Act 1986. |  |

## E FOREIGN EXCHANGE

## Austerity reduces demand

| Abolition of the two-tier |  |
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| exchange rate systems | Interest rates |
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| happen soon reports |  |

New markets? Then talk to Japan's financial expert.

Dai-lchi Kangyo Bank (DKB) is the clear choice when it comes to new markets. Our reputation for reliahility ond doing business. comprehensive financial institutions. And lhe wortd's largest bank Offering everything from private banking to M\&A and project financing.
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EISCAL POLICY/TAX REFORM
A decade of radical changes

radical
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## Centres of power




Tony Walker looks at the influence of the armed forces

 C

## CHINA 6




## Accountancy and legal services are growing fast, reports Lynne Curry

## Foreign firms move in



Sino-US relations: report by Alexander Nicoll

## Clinton seeks a new start <br> 1    $\square \quad$ Continued on next page



CHINA \& EASTERN INVESTMENT COMPANY LIMITED


|  | 1993 | 1992 |
| :---: | :---: | :---: |
|  | Uss | uss |
| Net ascers | $\underline{53.817,874}$ | 49,569,350 |
| Reveruve | 2,166.789 | 1,858,654 |
| Admuinstrative expenses | 814,214 | 1,395,050 |
| Profit before axation | 1,352.575 | 463,604 |
| Taxation | 39 | 770 |
| Profic for the year | 1.352,536 | ${ }^{462.834}$ |
| Special interim dividend - paid |  | 204,000 |
| Final dividend-proposid .. | 1,224,000 | 204,000 |
| Profit ior the year - reained. | 128,536 | 54,834 |
| Earnings per share | Us50.066. | USsc.023 |
| Final dividend per share | USS0.06 | usso.01 |
| Nec sseet value per share | Uss2.64 | uss2.43 |
| Ocher ranasiers io reserves lncrease in vilumition of investitans | US\$2,518,671 US\$1,(01,31 |  |

"...The strong growth in China \& Eastern's earnings has continued with the rofit attributable to shareholders increasing by $192 \%$... the Board looks to the futare with confidence and believes that there will continue to be shareholders of China \& Eastern can enjoy long term capital appreciation."

The Rr. Hon. The Lord Marsh of Mannington Kr

> At 29th Ocrober, 1993 China \& Eastern's unaudited net asser value per share was US $\$ 3.47$, an increase of $31 \%$ since 31 st July, 1993. There are now 32 companies listed on the two Chinese 'B' share markets with a combined capitalisation in excess of US $\$ 1.5$ billion. The 5 ' H ' shares had a capitalisation of some US $\$ 1.5$ billion ar 3rd November 1993. The availability of investmenr opportunities continues ro expand beyond the confines of the Shenthen, Shanghai and Hong Kong Socke exchanges. Chinese companies now have listings in the US, UK, Hong Kong and Australia. This process is expecred to conninue as China's capital requirements conrinue to grow. As China \& Eastern's investment advisors we are following these developments with great interest and have been active in the 'B' and 'H' share markets on their behalf, as well as making investments outside of the Hong Kong and Chinese stock markets. Copies of the annual report and accounts are available from its regisfered office: 8th Floor, Princes Building, Hong Kong.

CHINA 8


Central controls are eased

| Balancing rapid |
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| development and |
| popular opinion appears |
| to be the guiding |
| principle of the |
| govemment, reports |
| ROBERT THOMSON |


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money. The goverment ha
asked for extra central nuxds
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 . proposals for large scale
sell-offs of state
enterprises
Pain in the provinces




## Tony Walker reports on the dramatic expansion plans of an engineering giant

Shougang has international ambitions

## A fresh approach by the US








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## Challenges ahead

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эad More joint ventures are sought




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Anshan rescues Shenyang Steel
Loss-maker is given te a new parent

| $\int \begin{aligned} & \text { CST inside the entrance } \\ & \text { to the Shenyang Steel } \\ & \text { Sheet Works, a banncr }\end{aligned}$ congratulates employees on their becoming members of which benc volently adonted a company that bas consistently lost money for the past decade. los northern Cbina's ailiog manufacturers, slipping far behind the competition on quality but too poor to overbaul equipment installed in the 1950s and. in this case, noable even to huy raw materials. <br> The factory last year offi- calty tost $Y$ in 2.66 m , thoogh the actual toss was double that amonnt, according to one manager. It has about Inl 100 m in outsianding toans from banks. 4,000 mostry idle workers and a patential output of 100,000 tonnes of steel. thongh last year it produced only 18,000 tonnes. <br> dre produced only for 75 dars last year because we. didn't bave enough materiats, exptains Mr Lu Zihe, bead of Shcayang Steet's busincss department. We had no option but to he taken over by a company like Anshan. We hare been irying to find a parner since 1991. <br> Mergers and takeovers are encouraged as an atternative to bankraptes, stlt a touchy issue in Shenyang. In 1987, the cisy announced that an explocity announcod that an explo- sive materiats factory had | failed, but the resulting con- troversy surprised local ofncials and the city bas not had another bankruptcy since then. <br> The Idea of state-approved takeovers is that the stronger partoer, Anshan, tbe largest stecl producer in northern Cbina, will reform the management of the company and ment But, in the four months since agreement was reached, Anshan his not changed the senior management and well factory is still working well below capacity. <br> One cause of Shenyang ment's decision to remore subsidies from material prices. whicb rose to levels that the company could not afford. As Mr Lu put it, before 1992, "thc statc provided materials for us, but from last vear the state stopped providing those materials," speeding its cotlapse. <br> awc are determined to learn from Anshan." Mr Lu says. But the managers at Sbenyang do not expect that Anstan . want to control the companil be able to trade themselves ont of trouble, given a con- tinoing now of money from Anshan. <br> Another worker at the factory insisted that the "state still owns the factory," even though Shenyang Stel has | slgned a contract makin: it losses: "This is not like the systen in the west - this is a socialist country and the state assets and the workers." <br> Hts comments indleate the difficulty faced hy the governmeot in hanaling woss-making companies. The arrival os the state acting, in another form, to ensure that Shenyang Steel continnes to operate regardless of its lack of profitability. <br> said bis company is quest for pronits. It is attempting to find a market for the waste stec materials rusting outside tbe main workshop. and is about to open s botol, a popular but not necessarily profitable diversification Chinese manufacturers. <br> "We are doing our best to avoid cutting the staff. We have cbanged the working sys- tem by putting employees into smailer units and we plan to open service businesses," says Mr Lu, "In the past, the government assigued people to the factory and vie are still responsible for lookligg after them. We run a kindergarten and perform other government functions, so we shonld get belp." <br> Robert Thomson |
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## - SCIENTIFIC RESEARCH

## Trying to bridge the gap

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CHINA 10


## Many farm workers migrate to the cities, reports Bronwen Maddox

## New tensions emerge


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still regard peasants as serfs still regard peasants as serfs
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ously Althoush the central govern-
ment money to buy the grain, many
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invest the money in real estate

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## Shortages are made worse by the

 pollution of rivers and water tables
## A tussle over

## water supplies



Experts search for reasons for a dip in the fertility rates

## The population puzzle

 Sinchis inubly
 china's ministry of family
planning. That claim does not ane account or peasants dock-
ing the the cltys constructon
sites or the sprawl of the nem suburbs. But if true, it reffects. tion programme, one of the
most amibitious and interna-
tionally controversial aspects of its policy
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nea
For uearly two decades. order to raise llving sandards and restrain pressure oo scarce resources. Latest government
figures put the total ar 1.1 ithar
CCina now has s nearry quarChina not has stotal at 1.17 near.
ter of the worrld's populatioo on around seven per cent of Estimates of the future popp lation are staggering. The
United Nations' central projec tion is that by ${ }^{20150}$, the total could reach 1.52bu
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 2050 population of Cilty levels, estimates of the 2050, the total population could reach 1.52 bn
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independent Washingtuabsased the family planging r- research organisation. Some
analysts speculate. on an
acknowledges that nately officials may be trained policy; others
puestion




Over 130 m farm workers now "surplus to requirements"

## Migrant labour moves to cities









 market reforms, requiring all
state employees to sign con-
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prises were prevented over the
unmmer from paying wage summer trom paying wage
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 state enterprises, and then
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over time. The governmeot has estahlished an unemployment
insurace system and is inves.
tigating a national retirement Oud
Our utimate objective is to
create an active labour market so that enterprises can markeety siich habour is more moblle,
says Mr Zhu, vice labour minremalns cautious about the
implications for socoial
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is beloyment in urban areas
in per cent hut s below 3 per cent hut govern-
meot omplal estimate that
bout 20 per cent of workers in state enter criceses are workersem. in.
ployed, whila a third of enterprises are unprofitahle.
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## It will get worse

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Edward Balls looks at progress on banking reforms

## Still a long way to go

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 tion to acceleral
financlal sector
But despite









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| Infrastructure |
| :---: |
| Despite big projects now undarway, china <br> taces a daunting task to supply key services <br> for which foreign investment is crucial. |
| Below, and on the next page, FT writers |
| look at the latest developments |



Urgent need to upgrade road, road and port facilities

## A feeble springboard



## Suddenly last summer

Just when it seemed that China's first takeover was at least a decade away, a Shenzen conglomerate

| */ $/$ / <br> TEN China's stock marke regulators were writing the mule book earlier this year the legal department of the State Cauncil - Cblna's cabinet questioned why rules were needed governing takeovers. of tbe Cbina Securities Regulatory Commission (CSRC), Chhna's corporate watchiog, remembers it, one to 20 years before we have a takeover in Cbina". <br> Wrong. Tbe ink bad barely dried when Bao'an, a fast growing conglomerate listed on the Shenzben stock exchange, was buying stock in Yanzhong. a Shanghai-Isted manufacturer |
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Profile: China International Trust and Investment Corporation (Citic)

## Headlong dash for growth

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the timing nf declaratinns and
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 securities indastry takiking
about the valne of takeovers.
Mr Mr Gao, althongha dmertting
that Chinata regulatory environment is nut
"pro-takeover" it "protakeonter" is th no doobt
about their benefit. "A lot of
absed about their benentit. A Aot of
insted companies sill behave
in the sampe way In the same way as they did
before corporatisation, he

 Mr Liu Bo. expectume.
vice-president at the Shangh Vecurritise Exchange. agrees.
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## Soaring achievements in China

With offices in Beijing, Shanghai, Shenzhen, Guangzhou, Nanjing

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Private factor is potent attraction

## Little to celebrate

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requirements with tailor-made ideas.


## 




## Alarm bells ring





Not banking as usual.
 MPF; set up wo yearraso azo by

## Better recognition of portfolio management is the aim of a newly-established institute

## In need of the professional touch

| SWISS banks are estimated tomanage about half the word's |  | bsnsive gulde for portiolio |  | newity qualitied students a |
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| ness and European institn- | then the clitys | Earope, which it tion |  | Mr Lomberd thinks it will soon be standard practice to |
| lions, zs a whole, a good deal | Hou as an tuternational centr |  |  |  |
|  |  |  |  | requife qualifications fra new entrants to portfolio mamage |
| financlal circles have |  |  |  | ment, and to enrol extren stiff on refresher courses. "Given the speed at whlah |
| slow to recognisi |  |  |  |  |
| analysis as a professlon in its own right requiring special skins and qualifications. |  |  |  |  |
|  |  |  |  | thatacilal activities are evotying: financial professionals- |
|  |  |  |  | Hike doctors - need to master the new devilopments in iew Chie new developments in new |
| Host of those now tendigg other people's mondy hanks |  |  | qualification coimmittbe to ly | - prodionist, he seys Companies |
| banks, pension funds, insurance companies or asset management institutions - have |  |  |  |  |
|  |  |  |  | wall se in better qualified staff. |
|  |  |  |  |  |
| learned what they know on the job. |  |  |  | not believe more nniversal qualifications wII make com- |
| ner in the private bank of Lombard odier, and his coileagues in the fondation Plea |  |  |  | petition any less intense. "There is a worid of difference |
|  |  |  |  |  |
| Teagues in the Fondation Place Financière in Geneva hope to change all that. In September |  |  |  | lamguge and knowing how to |
|  | The institute itseir |  |  | you need the first to learn the second." |
| change all that. In September nis year the PPF and the Par is-based Eruropean Federation | mate current eifor |  |  |  |
| of Financial Anslysts' Societ ies (EFFAS) set up the Ruro:pean Institute for Financial |  |  | Netberliaidst, Prance | $\therefore \quad$ Francos williams |
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|  |  |  |  | $\because \therefore \because \quad \therefore \quad \therefore$ |
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## Narrow focus a winner <br> - <br> - -

Volume hits new highs
$\qquad$ dirccor of OZ, siys tha change
has encourraged the bigitissians


 In October, tor exvaple, it
led a srivin bond isple for
the city of Zurich that
 insurance shares. leading some
to wonder it thaty city wask back.
ting the insurance company or
vice versa po is that yon can
sell theose packages even to very conservative finds," an
SBC official sado.

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lan Rodger

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4002 вג노:
16. Aescinenvóstadt


[^0]:    Antony Grant
    Denton Hall
    Five Chancery Lan
    Clifford's $\ln n$
    Telephone 071 242 1412
    Fax 071 204
    Fax 0714040087

[^1]:    

